



# **RG BRANDS JSC & SUBSIDIARIES**

## **NOTES**

**to the Interim Consolidated Financial Statements**  
as at 30 June 2018  
*(in KZT thousands unless stated otherwise)*

## 1. GENERAL

The core business of RG Brands JSC and its subsidiaries (jointly referred to as “the Group”) is production, sale and distribution of juices, carbonated beverages, milk, chips, packing, sale and distribution of tea and other commercial products. The Group mainly operates in the Republic of Kazakhstan (hereinafter “Kazakhstan”).

**Ownership structure of the Company** – RG Brands JSC was initially registered on 22 June 1998 as a limited liability partnership and transformed into an open joint stock company on 27 March 2001. The Company was re-registered as a joint stock company on 17 February 2004.

As at 30 June 2018 and 31 December 2017 the registered share capital of RG Brands JSC was KZT 2 787 696 thousand. As at 30 June 2018 and 31 December 2017 the share capital comprised 3 452 730 common shares amounting to KZT 1 840 296 thousand and 789 500 preferred shares amounting to KZT 947 400 thousand. The share capital was paid in full.

As at 30 June 2018 and 31 December 2017 shareholders of the Company were as follows:

Shareholders	Interest		Common Shares		Amount	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018	31.12.2017
Mr. T.S. Kaltayev.	0.95%	0.95%	30 000	30 000	33 400	33 400
Mr. K.K. Mazhibayev	61.77%	61.77%	1 944 771	1 944 771	944 726	944 726
Mr. A. Agybayev	0.72%	0.72%	22 655	22 655	24 780	24 780
Mr. R. Bayazerov	0.90%	0.90%	28 355	28 355	30 481	30 481
Mr. A.V. Khalyapin	0.01%	0.01%	138	138	501	501
SUCCESSFUL INVESTMENT TRUST LLP	8.89%	8.89%	279 968	279 968	258 948	258 948
Mr. Y.Zh. Koshkimbayev	26.76%	26.76%	842 384	842 384	397 751	397 751
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>3 148 271</b>	<b>3 148 271</b>	<b>1 690 587</b>	<b>1 690 587</b>

As at 30 June 2018 and 31 December 2017 repurchased common shares of the Group made KZT 149 709 thousand or 304 459 common shares and KZT 149 709 thousand or 304 459 common shares respectively.

**Group structure and transactions** – The Group consists of RG Brands JSC and subsidiaries as follows:

	Ownership interest		Voting right	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017
RG Brands Kazakhstan LLP	100%	100%	100%	100%
Uni Commerce Ltd.	100%	100%	100%	100%
RG Brands Kyrgyzstan LLC	100%	100%	100%	100%
RG Brands Tashkent LLC	100%	100%	100%	100%
PRG Bottlers Kazakhstan LLP	100%	100%	100%	100%
RG Brands North LLC	100%	100%	100%	100%

RG Brands began production and packing of juice and juice-containing drinks in November 1999. Today the Group has the following trade marks in its portfolio: Gracio, Da-Da and Nectar Solnechnyi, Da-Da Day, Aport, and ASU.

The Group started up the first line for production of carbonated beverages under the trademarks of Pepsi, Seven Up, Mirinda and Aquafina in November 1999.

As at 30 June 2018 RG Brands owned 100% authorised capital of RG Brands Kyrgyzstan LLC registered on 11 March 2004. The interest of the minority shareholder was purchased on 7 October 2008.

RG Brands Kazakhstan LLP (hereinafter “RG Brands Kazakhstan”) was established on 4 April 2006 and comprised production facilities engaged in manufacture of juice, beverages, packaged milk under Moye trade mark, tea under Piala trade mark, bottled water under Asu trade mark, and Grizzly chips. This Company is also engaged in distribution of the Group products in the Republic of Kazakhstan.

In accordance with the decision of RG Brands JSC, a 100% subsidiary – RG Brands Tashkent LLC was registered on 29 August 2009 in the Republic of Uzbekistan.

RG Brands Tashkent LLC and RG Brands Kyrgyzstan LLC are engaged in sale and distribution of the Group products in the Republic of Uzbekistan and Kyrgyz Republic accordingly.

In accordance with the decision of RG Brands JSC, a 100% subsidiary – RG Brands North LLC was registered on 6 May 2016 in the Russian Federation.

The Head Office of the Company is located in Almaty; its production capacities are located in Almaty, Almaty Oblast, and Kostanai, Republic of Kazakhstan. As specified above, the Company is also present in Kyrgyz Republic, Republic of Uzbekistan and Russia to implement its sale and distribution strategies.

Legal address: 212b, Raimbek ave., Almaty, Republic of Kazakhstan

Form of ownership: Private

### ***Bottling Agreements with PepsiCo and Seven-Up International***

The Group produced and distributed carbonated alcohol-free beverages in accordance with the exclusive bottling agreements entered into and between RG Brands Kazakhstan and PepsiCo Inc. and RG Brands Kazakhstan and Seven-Up International. Under these agreements, the rights to bottle, sell and distribute PepsiCo and Seven-Up products in Kazakhstan passed to RG Brands Kazakhstan till 21 July 2010 with automatic prolongation for 5 years and subsequently for another 5-year period upon the end of each 5-year period.

The right to distribute PepsiCo Inc., Pepsi Lipton International Limited and Seven-Up products in the Kyrgyz Republic is provided based on the agreements signed with these companies, which operate up to and including 31 December 2018.

## **2. BASIS OF PREPARATION**

These consolidated interim financial statements of RG Brands JSC and its subsidiaries (hereinafter “the Group”) have been prepared in accordance with International Financial Reporting Standard (hereinafter “IAS”) 34 *Interim Financial Reporting*.

The reporting period is from 01 January to 30 June 2018.

The Group keeps accounts in Kazakhstan monetary units (KZT) in accordance with the effective laws of the Republic of Kazakhstan. These consolidated interim financial statements are presented in KZT thousands.

These consolidated interim financial statements have been prepared on the historical cost basis except for certain assets and liabilities measured at fair value.

These consolidated interim financial statements have been prepared based on two fundamental assumptions – accrual basis of accounting and going concern.

To calculate the carrying amount of shares, the Group uses the following method: the carrying amount per common share equals the difference between the Company equity and the value of preferred shares divided by the number of common shares placed.

The carrying amount per preferred share equals the value of preferred shares placed divided by the number thereof.

## **3. KEY ACCOUNTING POLICIES**

Since 1 January 2016 the Group has made changes to the accounting policies to replace the cost method used for Machinery and Equipment group of the property, plant and equipment for revaluation model.

As for other recognition and measurement policies, when preparing these interim financial statements the Group used accounting policies applied in the latest annual financial statements.

#### 4. REVENUE

Revenue was as follows:

	(KZT'000)	
	6 months of 2018	6 months of 2017
Revenue from sale of juices, juice-containing drinks and alcohol-free beverages	16 703 976	14 694 507
Revenue from sale of packaged tea , packaged milk and food stuff	8 266 098	8 803 216
Revenue from sale of goods for resale	33 432	31 818
	<u>25 003 506</u>	<u>23 529 541</u>

#### 5. COST OF SALES

Cost of sales was as follows:

	(KZT'000)	
	6 months of 2018	6 months of 2017
Materials	13 161 275	12 322 120
Depreciation and amortisation	765 909	539 968
Salaries and related taxes	402 931	383 786
Utilities	237 343	284 944
Repair	332 187	337 112
Cost of goods acquired for sale	116 805	35 388
Other costs	30 823	34 718
	<u>15 047 273</u>	<u>13 938 036</u>

#### 6. SELLING EXPENSES

Selling expenses were as follows:

	(KZT'000)	
	6 months of 2018	6 months of 2017
Transportation expenses	1 583 872	1 410 603
Salaries and related taxes	456 178	439 745
Advertising campaigns and marketing research	2 991 634	2 203 766
Expenses for sales reps	723 261	567 239
Other selling costs	452 649	310 959
Amortisation	311 607	405 158
Lease of vehicles, warehouses and office premises	187 115	265 690
Travel expenses	10 291	8 174
Inventory write-off	373	10 942
Recovery of selling expenses	(125 659)	(569 530)
	<u>6 591 321</u>	<u>5 052 746</u>

#### 7. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses were as follows:

	(KZT'000)	
	6 months of 2018	6 months of 2017
Salaries and related payments	1 425 851	956 597
Write-off of defected goods, losses of raw materials and supplies	64 903	52 275
Consulting services	136 684	133 664
Penalties and fines	420	1 539
Depreciation and amortisation	60 226	75 089



Taxes other than income tax	130 951	204 556
Bank services	42 331	89 629
Transportation charges	50 337	44 016
Utilities	32 534	27 729
Travel expenses	60 861	46 691
Communication services	20 403	14 652
Insurance	3 581	8 550
Provision for unused employee leaves	55 735	16 505
Accrual/(reversal) of provision for doubtful debts	(6 696)	37 984
Other costs	206 281	399 386
	<u>2 284 402</u>	<u>2 108 862</u>

## 8. FINANCE COSTS

Finance costs were as follows:

		(KZT'000)
	<b>6 months of</b>	<b>6 months of</b>
	<b>2018</b>	<b>2017</b>
Interest on bank and other loans	906 615	953 360
Interest accrued on bonds	-	2 126
Other	-	727
	<u>906 615</u>	<u>956 213</u>

## 9. OTHER COSTS/GAINS

Other costs were as follows:

		(KZT'000)
	<b>6 months of</b>	<b>6 months of</b>
	<b>2018</b>	<b>2017</b>
(Loss)/income from disposal of property, plant and equipment	3 292	(2 598)
Other operating expenses/income, net	1 761 402	110 577
Other	(20 829)	(11 644)
	<u>1 743 865</u>	<u>96 335</u>

## 10. EARNINGS AND CARRYING AMOUNT PER SHARE

Earnings/(loss) per share is calculated by dividing net profit/(loss) for the year attributable to equity holders by the weighted average number of common shares outstanding during the year determined as follows.

		(KZT'000)
	<b>6 months of</b>	<b>6 months of</b>
	<b>2018</b>	<b>2017</b>
Net profit /loss for the year attributable to equity holders	1 773 397	895 406
Weighted average number of common shares	3 148 271	3 148 271
Basic loss/earnings per share, KZT	563	284

The Company uses the following calculation method to determine the carrying amount of shares.

**Carrying amount per common share** is a quotient of the net assets for common shares by the number of common shares.

$$4\,328 = 13\,624\,359 / 3\,148\,271$$

Net assets for common shares are calculated using the following formula:

$$NAV = (TA - IA) - TL - PS, \text{ где}$$

- TA– issuer’s assets recognised in the issuer’s statement of financial position as at the calculation date;  
 IA – intangible assets in the issuer’s statement of financial position as at the calculation date;  
 TL – liabilities in the issuer’s statement of financial position as at the calculation date;  
 PS – balance of Authorised Capital, Preferred Shares item in the issuer’s statement of financial position as at the calculation date.

13 624 359 = (46 369 008–96 363) – 32 648 286

(KZT’000)

	at 30.06.2018	at 31.12.2017
<b>Calculation of carrying amount per common share</b>		
Net assets of the Group excl. intangible assets	13 624 359	13 426 709
Number of outstanding common shares	3 148 271	3 148 271
Carrying amount per common share, KZT	4 328	4 265

**Carrying amount per preferred share is calculated using the following formula:**

$$BVPS2 = LPS / NOPS2, \text{ where}$$

- BVPS2– (book value per preferred share of the second group) carrying amount per preferred share of the second group as at the calculation date;  
 NOPS2– number of outstanding preferred shares of the second group as at the calculation date;  
 LPS– balance of preferred shares recorded as liabilities in the issuer’s statement of financial position as at the calculation date

$$1\ 200 = 947\ 400 / 789\ 500$$

(KZT’000)

	at 30.06.2018	at 31.12.2017
<b>Calculation of carrying amount per preferred share</b>		
Balance of preferred shares held within the Group	947 400	947 400
Number of outstanding preferred shares	789 500	789 500
Carrying amount per preferred share, KZT	1 200	1 200

**11. PROPERTY, PLANT AND EQUIPMENT**

As at 30 June 2018 property, plant and equipment less accumulated depreciation were as follows:

(KZT’000)

	Land	Buildings and constructions	Machinery and equipment	Vehicles	Other	Construction in progress	Total
<b>Historical cost</b>							
At 1 January 2018	1 252 519	7 218 261	17 337 401	245 637	1 011 665	511 356	27 576 839
Additions	-	848	1 625 592	7 640	210 860	245 390	2 090 330
Revaluation surplus/loss	-	-	-	-	-	-	-
Other reclassifications	-	-	-	-	-	-	-
Internal relocation	-	-	261 226	-	(46 234)	(214 992)	-
Disposals	-	-	(118 069)	(404)	(14 924)	-	(133 397)
At 30 June 2018	<u>1 252 519</u>	<u>7 219 109</u>	<u>19 106 150</u>	<u>252 873</u>	<u>1 161 367</u>	<u>541 754</u>	<u>29 533 772</u>
<b>Accumulated depreciation</b>							
At 1 January 2018	-	(2 252 428)	(2 929 420)	(184 958)	(853 275)	-	(6 220 081)
Accrued for the period	-	(295 050)	(779 425)	(14 274)	(48 993)	-	(1 137 742)
Reclassifications	-	-	-	-	-	-	-
Disposals	-	-	62 695	-	13 407	-	76 102
At 30 June 2018	<u>-</u>	<u>(2 547 478)</u>	<u>(3 646 150)</u>	<u>(199 232)</u>	<u>(888 861)</u>	<u>-</u>	<u>(7 281 721)</u>
<b>Carrying amount at 30 June 2018</b>	<u>1 252 519</u>	<u>4 671 631</u>	<u>15 460 000</u>	<u>53 641</u>	<u>272 506</u>	<u>541 754</u>	<u>22 252 051</u>

## 12. ACCOUNTS RECEIVABLE

As at 30 June 2018 accounts receivable were as follows:

(KZT'000)

Counterparty	At 31.12.2017	Debit turnover	Credit turnover	At 30.06.2018
<b>Trade accounts receivable</b>				
Magnolia LLP, Taraz (DR)	-	1 972 309	1 741 590	230 719
SOB LTD LLP Aktau	128 103	1 712 232	1 648 958	191 377
Rakhimzhanov Sole Proprietor, Semey	59 342	766 621	725 567	100 396
Aksai Market LLP	47 369	417 348	419 392	45 325
Mereke LLP Kokshetau	36 324	780 125	718 746	97 703
Pivnoe Podvorie LLP, Aktobe	10 985	645 667	656 652	-
CARAT LLP, Petropavlovsk (DR)	30 983	582 014	536 524	76 473
Tandem Trade Company LLP	31 288	172 786	200 650	3 424
G.K. Akhmetbekov Sole Proprietor	19 487	501 858	485 339	36 006
Best Solution LLP	-	120 119	32 548	87 571
Semipalatinsk Trading Company LLP	12 739	148 438	121 133	40 044
Other	1 303 859	28 867 894	29 249 881	921 872
<b>TOTAL</b>	<b>1 680 479</b>	<b>36 687 411</b>	<b>36 536 980</b>	<b>1 830 910</b>

<b>Advances paid</b>				
UBC Cool Almaty LLP	-	1 136 216	995 939	140 277
Tetra Pak Kazakhstan Ltd	11 792	1 703 263	1 648 827	66 228
TETRA PAK Global Distribution S.A.	66 583	405 803	423 292	49 094
TEEPACK Spezialmaschinen GmbH AND Co.KG.	-	97 708	54 414	43 294
Deloitte LLP	19 152	9 576	28 728	-
FCG Flight Consulting Group Ltd Charalampou Mousk	-	24 233	-	24 233
Payment Systems LLP	-	80 659	56 905	23 754
Asia International Company LTD	11 779	36 911	25 243	23 447
CENTRADE INTEGRATED S.R.L.	-	54 149	32 006	22 143
Mega-Network LLP	20 000	-	-	20 000
Agro Tom Plus LLP	19 920	-	-	19 920
Other	745 419	138 035 956	138 610 850	170 525
<b>TOTAL</b>	<b>894 645</b>	<b>141 584 474</b>	<b>141 876 204</b>	<b>602 915</b>

## 13. INVENTORY

(KZT'000)

	at 30.06.2018	at 31.12.2017
Finished goods	5 170 364	3 229 882
Raw material	3 717 509	2 799 687
Packing materials	1 611 227	697 382
Other	555 788	353 311
Spare parts	351 286	256 380
Less provision for slow moving inventories	(51 003)	(39 676)
	<b>11 355 171</b>	<b>7 296 966</b>

## 14. OTHER CURRENT ASSETS

(KZT'000)

	at 30.06.2018	at 31.12.2017
Short-term accounts receivable from related parties	285 879	274 912
Employee debts	188 698	91 953



Other recoverable tax	196 629	231 396
Other receivables	231 773	37 993
Prepaid expenses	222 753	202 380
Less provision for doubtful debts	(15 616)	(15 756)
	<b>1 110 116</b>	<b>822 878</b>

## 15. LOANS, BONDED DEBTS AND FINANCE LEASE

Below is the information of loans and other financial liabilities as at 30 June 2018:

(KZT'000)

Creditor	Loan currency	Average rate, % per annum	Opening balance	Debit turnover	Credit turnover	Closing balance	Maturity date
EBRD (1 <sup>st</sup> tranche 2015)	KZT'000	8.95%	2 757 818	459 636		2 298 182	2020
EBRD discount (2015)	KZT'000		-15 418		4 413	-11 005	
EBRD (2 <sup>nd</sup> tranche 2015)	KZT'000	8.95%	508 227	84 704		423 523	2 020
EBRD discount (2015)	KZT'000		-2 841		813	-2 028	
EBRD (3 <sup>rd</sup> tranche 2016)	KZT'000	10.25%	2 300 000	383 333		1 916 667	2 020
EBRD discount (2016)	KZT'000		-17 663		3 749	-13 914	
International Finance Corporation	KZT'000	9.20%	2 507 334	250 733		2 256 601	2022
International Finance Corporation discount	KZT'000		-39 345		7 461	-31 884	
Subsidiary Bank ALFA BANK, OJSC	KZT'000	7.80%	1 200 000	4 325 000	5 822 000	2 697 000	2017
ATF Bank JSC	KZT'000	5.50%	333 333	804 166	1 165 000	694 167	2019
SHINHAN BANK KAZAKHSTAN	KZT'000	9.00%	700 000	116 667		583 333	2020
Eurasian Development Bank	RUB'000	10.10%	370 721		168 511	539 232	2020
	KZT'000		2 139 059	188 326	982 687	2 933 420	
Eurasian Development Bank discount	RUB'000		-3 351		4 316	965	
	KZT'000		-19 338		24 583	5 245	
ALFA BANK	RUB'000	9.60%			99 000	99 000	2018
	KZT'000				538 560	538 560	
Bank Center Credit JSC	KZT'000	6.00%			151 339	151 339	2023
Development Bank of Kazakhstan	KZT'000	6.00%	576 000	576 000	-	-	2018
Development Bank of Kazakhstan	KZT'000	6.00%	198 840	198 840	-	-	2018
Development Bank of Kazakhstan	KZT'000	6.00%	185 000	185 000	-	-	2018
Development Bank of Kazakhstan	KZT'000	6.00%	170 000	170 000	-	-	2018
Development Bank of Kazakhstan	KZT'000	6.00%	169 000	169 000	-	-	2018
Development Bank of Kazakhstan	KZT'000	6.00%	1 701 160	1 701 160	-	-	2018
Development Bank of Kazakhstan	KZT'000	8.35%	116 000	116 000	-	-	2018



Development Bank of Kazakhstan	KZT'000	8.35%	700 000	700 000	-	-	2018
Development Bank of Kazakhstan	KZT'000	8.35%	500 000	500 000	-	-	2018
Development Bank of Kazakhstan	KZT'000	8.35%	664 000	664 000	-	-	2018
Development Bank of Kazakhstan	KZT'000	6.00%	-	-	300 000	300 000	2019
Development Bank of Kazakhstan	KZT'000	6.00%	-	-	400 000	400 000	2019
Development Bank of Kazakhstan	KZT'000	6.00%	-	-	800 000	800 000	2019
Development Bank of Kazakhstan	KZT'000	6.00%	-	-	901 160	901 160	2019
Development Bank of Kazakhstan	KZT'000	6.00%	-	-	250 000	250 000	2019
Development Bank of Kazakhstan	KZT'000	8.35%	-	-	290 000	290 000	2019
Development Bank of Kazakhstan	KZT'000	8.35%	-	-	316 000	316 000	2019
Development Bank of Kazakhstan	KZT'000	8.35%	-	-	300 000	300 000	2019
Development Bank of Kazakhstan	KZT'000	6.00%	-	-	150 000	150 000	2019
Development Bank of Kazakhstan	KZT'000	6.00%	-	-	198 840	198 840	2019
Development Bank of Kazakhstan	KZT'000	8.35%	-	-	100 000	100 000	2019
Development Bank of Kazakhstan	KZT'000	8.35%	-	-	350 000	350 000	2019
Development Bank of Kazakhstan	KZT'000	8.35%	-	-	374 000	374 000	2019
Development Bank of Kazakhstan	KZT'000	8.35%	-	-	250 000	250 000	2019

Creditor	Loan amount, total	Maturity date					
		2018	2019	2020	2021	2022	2023
International Finance Corporation	1 055 602	117 298	234 576	234 576	234 576	234 576	-
International Finance Corporation	1 200 999	133 515	266 871	266 871	266 871	266 871	-
Subsidiary Bank ALFA BANK, OJSC	3 235 560	3 235 560	-	-	-	-	-
SHINHAN BANK KAZAKHSTAN	583 333	116 666	233 333	233 334	-	-	-
ATF Bank JSC	694 167	138 835	277 666	277 666	-	-	-
Development Bank of Kazakhstan	4 980 000	-	4 980 000	-	-	-	-
Eurasian Development Bank	2 933 420	601 513	1 165 954	1 165 953	-	-	-
Bank Center Credit JSC	151 338	509	34 146	34 146	34 146	34 146	14 245
EBRD (2015)	2 298 182	459 637	919 273	919 272	-	-	-
EBRD (2015)	423 523	84 705	169 409	169 409			
EBRD (2016)	1 916 667	383 334	766 667	766 666			
<b>Total</b>	<b>19 472 791</b>	<b>5 271 572</b>	<b>9 047 895</b>	<b>4 067 893</b>	<b>535 593</b>	<b>535 593</b>	<b>14 245</b>

	At 30.06.2018	At 31.12.2017
Loans	19 472 791	17 425 771
Discount	(53 585)	(94 604)
Loan %	277 271	225 376
<b>TOTAL</b>	<b>19 696 477</b>	<b>17 556 543</b>

## 16. ACCOUNTS PAYABLE

As at 30 June 2018 accounts payable were as follows:

(KZT'000)

Counterparty	at 31.12.2017	Debit turnover	Credit turnover	at 30.06.2018
Asian Tea Company Private Limited	2 391 236	4 136 962	2 662 331	916 605
Pepsi-Cola International, Cork	672 451	2 499 648	3 267 434	1 440 237
DOHLER HOLLAND	90 051	375 812	423 774	138 013
Olam International Limited	115 908	117 830	167 864	165 942
P.E.T. LLP	197 357	1 220 088	1 661 401	638 670
PEPSI LIPTON INTERNATIONAL	108 376	500 029	747 990	356 337
M.J.CLARKE LTD	140 461	619 073	731 398	252 786
Tetra Pak Қазақстан Ltd	808 533	4 634 672	4 156 250	330 111
VAN REES B. V.	353 150	1 251 509	1 041 905	143 546
Other	1 712 936	21 742 537	24 242 276	4 212 675
<b>TOTAL</b>	<b>6 590 459</b>	<b>37 098 160</b>	<b>39 102 623</b>	<b>8 594 922</b>

## 17. TAXES PAYABLE

(KZT'000)

	at 30.06.2018	at 31.12.2017
Value added tax	207 032	565 792
Personal income tax	26 880	27 046
Other taxes	44 981	40 279
Social tax	14 527	17 507
	<b>293 420</b>	<b>650 624</b>

## 18. OTHER ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(KZT'000)

	at 30.06.2018	at 31.12.2017
Employment expenses accrued	220 731	168 624
Advances received	87 374	15 879
Other accrued liabilities	839 636	250 848
	<b>1 147 741</b>	<b>435 351</b>

## 19. OPERATING AND GEOGRAPHICAL SEGMENTS

In view of the management's assessment of the business on a single geographic base, i.e. Kazakhstan where 82.97% of the business is done, the management determined that the Group segmentation base is best reflected by the following business lines:

- Production, distribution and sale of products under the home brands of the Group including juices (Gracio, Da-Da, Nectar Solnechnyi), juice-containing drinks (DaDa Day, Aport), Asu bottled water, CiTi ice tea and Yeti energy drink;

- b. Production, distribution and sale of other products under the home brands of the Group including Piala Tea, Grizzly Chips and Moyo milk;
- c. Production, distribution and sale of franchised products including carbonated alcohol-free beverages (Pepsi, Pepsi Light, Mirinda, Seven-Up and Lipton Ice Tea);
- d. Trade transactions including sale and distribution of imported goods of other manufacturers.

	<b>Production of juice and juice-containing beverages</b>	<b>Food stuff</b>	<b>Trading</b>	(KZT'000) <b>Consolidated</b>
<b>Period ended 30 June 2018</b>				
Revenue	16 703 976	8 266 098	33 432	25 003 506
Operating profit (loss) before tax	625 184	1 358 105	33 432	2 016 721
Income tax expense	(75 430)	(167 894)	-	(243 324)
Net profit/(loss)	549 753	1 190 212	33 432	1 773 397
Depreciation accrued	648 513	489 229	-	1 137 742
Acquisition of property, plant and equipment and intangible assets	1 525 940	564 390	-	2 090 330

	<b>Production of juice and juice-containing beverages</b>	<b>Food stuff</b>	<b>Trading</b>	<b>Consolidated</b>
<b>Period ended 30 June 2018</b>				
Segment assets	35 439 202	10 929 806	-	46 369 008
Deferred income tax assets	-	-	-	-
Total assets	35 439 202	10 929 806	-	46 369 008
Segment liabilities	22 899 018	6 833 542	-	29 732 560
Deferred income tax liabilities	1 718 956	1 196 770	-	2 915 726
Total liabilities	24 617 974	8 030 312	-	32 648 286

The Group's revenue from sales to third-party buyers by countries was as follows:

	<b>6 months of 2018</b>	<b>6 months of 2017</b>	(KZT'000)
Republic of Kazakhstan	20 862 601	19 522 141	
Kyrgyz Republic	3 013 035	2 556 305	
Russian Federation	1 114 159	1 411 252	
Tajikistan	13 711	9 057	
France	-	786	
	<b>25 003 506</b>	<b>23 529 541</b>	

## 20. RETIREMENT BENEFITS

In accordance with the requirements of the laws of the Republic of Kazakhstan, the Group makes 10% pension contributions from the employee salaries. However, subject to the Republic of Kazakhstan laws, this amount per employee shall not exceed KZT 212 130 a month since 1 January 2018, previously monthly contributions per employee amounted to KZT 183 442.5. These amounts are expensed as incurred. Contributions to the pension funds are deducted from the employee salary and recognised in the total salaries paid in the consolidated statement of comprehensive income.

As of 30 June 2018 the Group had no liabilities to its current or former employees on additional pension contributions, postretirement medical benefits, insurance payments or other retirement benefits.



## 21. RELATED PARTIES

Related parties of the Group are companies controlled and related to the Company shareholders – Mr. K.K. Mazhibayev and Ye.Zh. Koshkinbayev.

Transactions between the Company and its subsidiaries are eliminated at consolidation and not disclosed in this note. Transactions entered by the Group with the related are disclosed below.

**Trading transactions** – as at 30 June 2018 and 31 December 2017

Related party transactions include:

- sale of carbonated alcohol-free beverages, natural juice, tea;
- sale/purchase of other materials, property, plant and equipment, securities and rendering of various services;
- loans and borrowings.

(KZT'000)

	Sale		Acquisition	
	6 months of 2018	6 months of 2017	6 months of 2018	6 months of 2017
<b>RESMI Direct Investments</b>				
<b>LLP</b>	5 768	4 896	130 399	105 997
<b>Jointly controlled companies</b>	-	-	1 203	1 897

	Related-party receivables		Related-party payables	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017
<b>Jointly controlled companies:</b>	<b>63 653</b>	<b>256 913</b>	<b>3 147</b>	<b>27 518</b>
<i>Broker's debt</i>	58 853	53 292		
<i>Money on broker's account</i>	4 800	4 813		
<i>Interest-free financial aid</i>	-	4 745		
<i>Trade and other operations payable</i>	-	194 063	3 147	27 518

**Key management benefits** – Key management benefits are determined by the shareholders' meeting and senior management of the companies in accordance with the staff policy, staff list, personal employment contracts, decisions of the shareholders, orders on accrual of bonuses, etc.

## 22. EVENTS AFTER THE REPORTING DATE

During the period after the reporting date and prior to the date of the financial statements approval, no events have happened to the Group which would require adjustments or disclosures in the notes to the consolidated interim financial statements.

Chairman of the Management Board  Devael Hans Alexander

Chief Financial Officer  Askat Agybayev

Chief Accountant  S.S. Zhasheva

